

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 L-03 AGRE-00 AID-05 CIAE-00
INR-07 NSAE-00 OPIC-03 SS-15 NSC-05 STR-05 CEA-01
TRSE-00 OMB-01 XMB-02 /066 W
-----051115 271932Z /45
R 261615Z SEP 77
FM AMEMBASSY NOUAKCHOTT
TO SECSTATE WASHDC 8166
INFO USDOC WASHDC

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COMMERCE FOR MAJOR PROJECTS

E.O. 11652: N/A
TAGS: BENC, ECRE, EAID, BEXP, MR
SUBJECT: LANG/PRITCHARD SUGAR REFINERY PROJECT

REF: (A) NOUAKCHOTT 2007, (B) NOUAKCHOTT 2018

1. MINISTER STATE FOR FOREIGN AFFAIRS, HAMDI OULD MOUKNASS
TOOK ME ASIDE AT SAUDI NATIONAL HOLIDAY RECEPTION SEPTEMBER
23 TO EXPRESS HIS CONSIDERABLE UNHAPPINESS, DISAPPOINTMENT,
AND CONCERN AT APPARENT FAILURE OF FIRST U.S.-MAURITANIAN EFFORT
AT PRIVATE SECTOR ECONOMIC DEVELOPMENT COOPERATION -- THE LANG/
PRITCHARD SUGAR REFINERY. MOUKNASS REPORTED HE HAD DISCUSSED
STALLED SUGAR REFINERY PROJECT AND ADVERSE IMPACT FAILURE OF
PROJECT WILL HAVE ON EXPANDING POLITICAL AND DEVELOP-
MENT RELATIONS BETWEEN U.S. AND MAURITANIA WITH PRESIDENT OULD
DADDAH ON AIRCRAFT RETURNING FROM MEETING DAY OR TWO AGO WITH KING
HASSAN. MINISTER STRESSED IMPORTANCE OF GETTING SOME PART OF
REFINERY INTO IMMEDIATE OPERATION, CITING SPECIFICALLY GRAN-
ULATED SUGAR CAPABILITY
AS POSSIBILITY. INDICATING AWARENESS OF MY CONVERSATIONS WITH
MINISTER INDUSTRIALIZATION, MOUKNASS EXPRESSED HOPE I WOULD BE
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WILLING TO HELP HIM, NEW MINISTER INDUSTRIALIZATION, AND
PRESIDENCY SECRETARY GENERAL EVOLVE SOLUTION. MINISTER CLOSED
WITH VIGOROUS ASSERTION IT WAS IN NO ONE'S INTEREST TO LET
REFINERY TURN INTO "PILE OF SCRAP IRON".

2. MOUKNASS WAS CLEARLY STARTLED WHEN I RESPONDED THAT REFINERY
HAD BEEN READY FOR PARTIAL PRODUCTION SINCE JUNE, THAT L/P HAD

PROPOSED PROGRAM AIMING AT COMMERCIAL PRODUCTION AT LESS THAN FULL CAPACITY (AFTER WORKING OUT AT MY INSISTENCE PRACTICAL SOLUTION TO REAL LEGAL LIABILITY PROBLEM), BUT HAD YET TO RECEIVE SUBSTANTIVE RESPONSE FROM GIRM. I URGED TWO STEP APPROACH ON MOUKNASS (SET OUT PARA 6 REFTEL): PUT ALL CONTRACT AND FINANCIAL DISPUTES TO ONE SIDE FOR NOW, CONCENTRATE ON GETTING REFINERY INTO COMMERCIAL PRODUCTION; ONCE THAT IS ACHIEVED, HAGGLE OVER AND RESOLVE CLAIMS/COUNTER CLAIMS AT LEISURE. NOTED SIX YEAR OLD NPJ ZRACT NO LONGER FITS CURRENT REALITIES, THAT U.S. COMPANY HAS VERY REAL FINANCIAL PROBLEM; BUT THAT MUTUALLY SATISFACTORY OPERATING PROGRAM CAN BE WORKED OUT IF ALL PARTIES REALLY WANT TO GET REFINERY GOING. MOUKNASS AGREED COMPLETELY WITH PROPOSED TWO STEP APPROACH. I THEN NOTED SEARCH FOR SOLUTION IS COMPLICATED BY CONTINUING LACK OF INTEREST ON PART SUGAR PROJECT (SOSUMA) PERSONNEL, TYPIFIED BY THEIR REPEATED REFUSAL TO TAKE UP L/P SUGGESTIONS/OFFERS OF ON-JOB-TRAINING, AND BY GENERAL INEFFECTIVENESS ON XI SOSUMA AS AN ORGANIZATION. FINALLY, NOTED THAT L/P IS STILL WAITING FOR RESPONSE TO ACTION PROGRAM PROPOSED IN AUGUST 16 TELEX TO GIRM; THAT U.S. COMPANY BELIEVES NEXT MOVE IS UP TO GIRM.

3. WHEN I EXITED SAUDI EMBASSY, MOUKNASS AND PRESIDENCY SECRETARY GENERAL WERE STANDING IN MIDDLE OF ROAD WRAPPED UP IN INTENSE CONVERSATION -- ALMOST CERTAINLY ON SUGAR REFINERY.

4. GIVEN FACT THAT U.S. SUGAR REFINERY FIASCO HAS NOW BEEN ESCALATED TO PRESIDENT OF REPUBLIC, DEPARTMENTS STATE AND COMMERCE LIMITED OFFICIAL USE

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MAY WISH TO CONSIDER EXERTING A LITTLE HIGH LEVEL PRESSURE ON INTERNATIONAL SYSTEMS AND CONTROLS ((597 59,) AND/OR LANG/PRITCHARD (KANSAS CITY) TO RECOGNIZE (A) UNPLEASANT REALITY OF FACT THEY SIGNED A LOUSY CONTRACT PRESUMABLY WITH THEIR EYES OPEN AND THAT THEIR SUBSEQUENT EXECUTION HAS BEEN LESS THAN BRILLIANT, PARTICULARLY IN COMPANY-LOCAL COMMUNITY (GOVERNMENT AND PRIVATE) DOMAIN, (B) THEIR CONSEQUENT RESPONSIBILITY TO MAKE CERTAIN THAT MAURITANIANS ULTIMATELY GET WORKING REFINERY, AND (C) ADVERSE IMPACT OF PROJECT FAILURE NOT ONLY ON L/P'S REPUTATION IN ARAB AND AFRICAN WORLDS, BUT ON OVERALL INTEREST OF U.S. PRIVATE SECTOR SHOULD GROWING MAURITANIAN MARKET FOR ENGINEERING, CONSTRUCTION, AND MANagements SERVICES TURN AWAY FROM U.S. AS RESULT. (L/P REPUTATION IS ALREADY AT ROCK BOTTOM IN NOUAKCHOTT COMMERCIAL CIRCLES; EMBOFFS HAVE REPEATEDLY BEEN CALLED UPON TO ASSURE LOCAL SUPPLIERS THAT L/P HAS NOT SKIPPED TOWN AND IS IN FACT GOING TO PAY ITS BILLS EVENTUALLY.) EXIMBANK, TOO, PRESUMABLY HAS AN INTEREST IN SEEING SUCCESSFUL OUTCOME TO REFINERY PROJECT.

5. NOUAKCHOTT RUMOR CIRCUIT HAS IT THAT FORMER ISC BOARD CHARMAN DINEL L. GOLDBL IS ONCE AGAIN BACK IN WASHINGTON AS SENIOR USG OFFICIAL. SINCE DAN GOLDBY IS INTIMATELY FAMILIAR

WITH MAURITANIAN SUGAR PROJECT, AND IS KNOWN, LIKED AND RESPECTED
BY KEY TOP-LEVEL GIOFFICIALS, DEPARTMENT MAY WISH TO CONSIDER
GETTING GOLDY INVOLVED IN EFFORT TO INSURE REASONABLY HAPPY
ENDING TO U.S. SUGAR SAGA.

HANDYSIDE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, PRIVATE INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NOUAKC02224
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770352-0136
Format: TEL
From: NOUAKCHOTT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770922/aaaaascv.tel
Line Count: 121
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 52daae3d-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 NOUAKCHOTT 2007, 77 NOUAKCHOTT 2018
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1134539
Secure: OPEN
Status: NATIVE
Subject: LANG/PRITCHARD SUGAR REFINERY PROJECT
TAGS: BENC, ECRE, EAID, BEXP, MR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/52daae3d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009